

# Chiwawa Communities Association

2651 Cottonwood Lane, Leavenworth, WA. 98826

(509) 763-4309 Fax (509) 763-0482

[chiwawa@nwi.net](mailto:chiwawa@nwi.net) [www.chiwawariverpines.wordpress.com](http://www.chiwawariverpines.wordpress.com)

Dan Shaffer-Operator (509) 699-0607

Joanne Stanford –Bookkeeper/Sec. (509) 763-4309

|                           |                |                            |                |
|---------------------------|----------------|----------------------------|----------------|
| Mike Stanford - President | (509) 763-4309 | Art Alley                  | (425) 478-3684 |
| Bob Barr                  | (509) 763-2232 | Roger Thomas               | (509) 763-4309 |
| Ron Tilden                | (509) 763-4309 | Jim Wright                 | (425) 478-2700 |
| David Lowrie              | (509) 763-3741 | Al Lorenz – Vice President | (509) 630-6769 |
| Judy Van Eyk              | (509) 763-2541 |                            |                |

September 1, 2017

Dear Fellow Owners:

**The regular fall meeting of the Association will be held on Saturday the 23<sup>rd</sup> of September, 2017 at 10:00 a.m. at the Lake Wenatchee Rec club.**

**This will also be a "special "meeting. Information on this special meeting is enclosed.**

As always, information at this meeting will include, but is not be limited to:

|                             |                                  |
|-----------------------------|----------------------------------|
| Financial report            | Chiwawa Well field certification |
| Expense report              | Water testing results            |
| Summer construction wrap up | Old and new business             |

Please put the date on our calendar and try to attend. The owner meetings are the best way to have a say and find out what's going on in your community.

**Saturday September 23<sup>rd</sup>. 2017 10:00 a.m. at the Lake Wenatchee Rec Club.**

See you all there!

Sincerely,  
Board of Trustees

### Special Meeting information

The Board of Trustees is calling for a special meeting for the purposes of seeking approval from the owners at that meeting to borrow money to purchase land adjacent to our current well field for the Association.

**Saturday, September 23rd, 2017 at 10:00 a.m. at the Lake Wenatchee Rec club**  
**with the Regular Meeting starting after the Special Meeting.**

Dear Fellow Owners:

As stated in a previous communication on August 1, the Association has been presented with a unique opportunity to purchase 11 acres of land in 2 parcels within our development with 500 feet of frontage on the Chiwawa River. The current assessed value of this land is approximately \$380,000. The market value is likely higher. This history of this transaction is that we were originally offered to opportunity to purchase this land at appraised value (\$380,000). This seemed to be an attractive offer but we could not see how we could come up with the down payment within the seller's time frame so we respectfully declined the offer. The seller then offered to sell us the land at approximately half of appraised value, or \$190,000. We feel that this is a unique opportunity that the Association should pursue. Our proposed plan is to make a down payment of \$66,500, and borrow the remaining \$123,500 on a 5-year note with interest at 6%.

Our bylaws state that owner approval is required for the Association to incur this debt.

There would be no proposed increase in our dues in order to make the down payment, or the subsequent monthly payments on the loan. A financial projection is included which shows our projected cash flows over the next few years including the land purchase.

At this point we have executed a Purchase and Sale agreement. Copies of a Phase 1 Environmental report and the purchase and sale are on the blog (<https://chiwawariverpines.wordpress.com/>). A survey, and Appraisal are expected to be available at the Special Meeting. Below is list of pros and cons concerning this issue. Please feel free to contact any board member or the Association directly if you have any comments, concerns or questions on this issue:

#### PROS:

**Well field protection:** The Association currently has three wells on land bordering the south end of parcel number one. From past research, we know that the aquifer feeding these wells runs directly down the middle of this parcel. The Association currently has an agreement with the land owner: In exchange for part of this land so we could drill the two newest wells, the agreement allows the land owner to develop up to six lots. The Association would incorporate these lots into the Association and provide water to them. **If the Association owned the land, this agreement would be void.**

**Limited growth:** Our area is growing fast. More and more people are moving here full time and also building second homes at a record rate. Providing open, green space where no development would take place increases the quality of life as well as the property values for the land owners. This parcel has over 500 feet of Chiwawa riverfront access.

**Added value to the Association:** The acquisition of this property at a bargain price would increase the financial strength of our Association. The property could be used in the future or could be sold all, or in part to benefit the Association if needed. As Association property, there would be no annual property taxes on this property.

**No increase in assessment:** We have capacity in our budget to fund this acquisition because our recent project to install water meters throughout the development is complete. **There will be no increase needed in the assessment to the owners.**

**Cost savings:** if the current agreement is activated by a new land owner, the association would be responsible for providing water service for up to 6 lots on the land. Owning this land would save the association thousands of dollars.

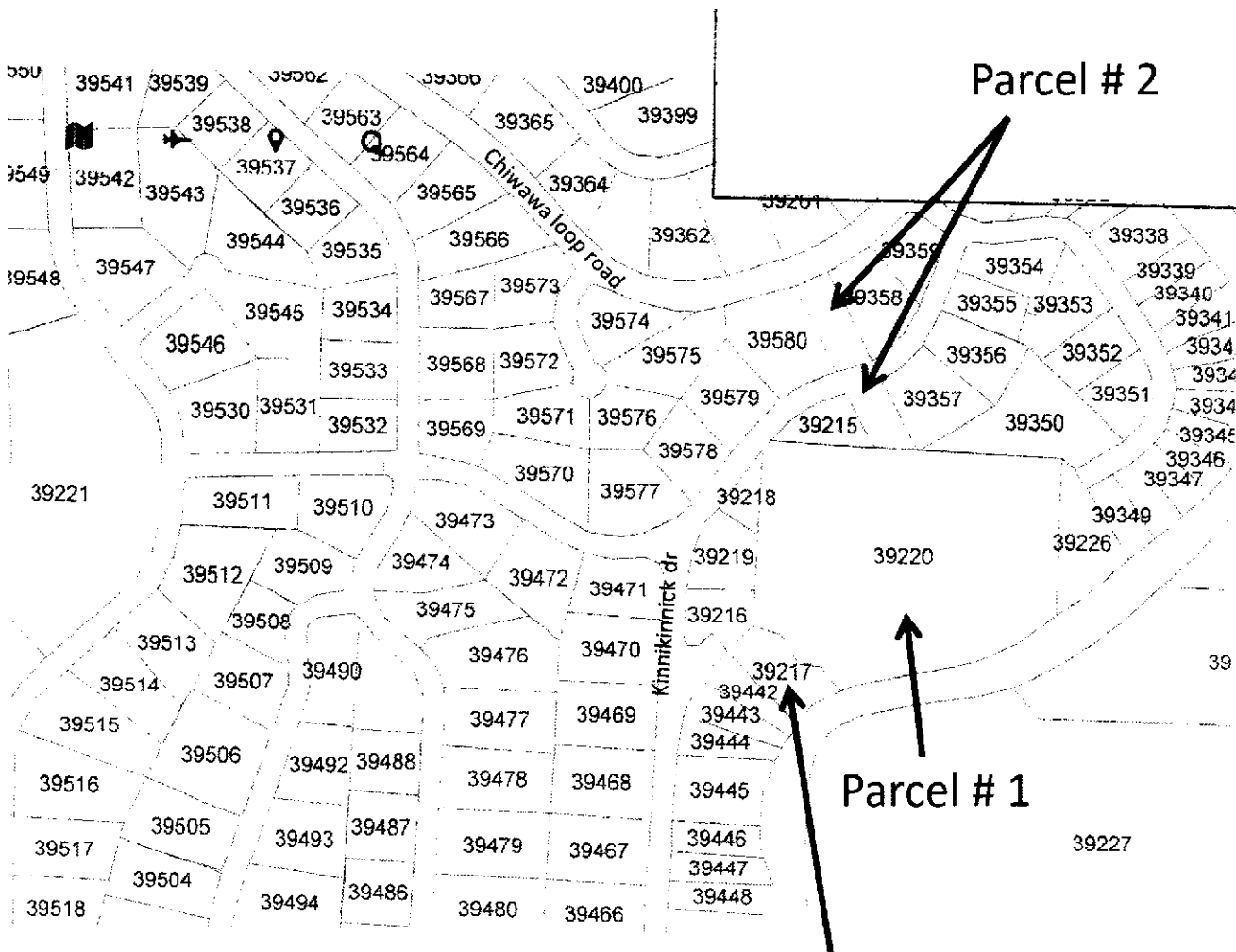
#### CONS:

**Purchase Price:** The Association would need to borrow \$123,500 to be paid off in less than 5 years. The Association would pay \$66,500 cash at closing for a total of \$190,000 plus buyer closing fees.

**Ongoing Expenses:** As association land, there would be no property taxes. There would be some miscellaneous type of expenses for things like tree trimming and a small potential increase insurance cost.

**Deferral of Other Maintenance and Operations Projects:** While we know of no such projects at the current time, acquiring this land will consume most of our excess cash flow for the next few years, which could limit our ability to initiate any significant new maintenance or operational improvements over the next few years.

# Location of lots



Current Chiwawa well field  
3 wells

**Chiwawa River Pines Community Association  
Becker Land Acquisition**

**Summary of Proposed Financing from Coastal Community Bank**

|                          |                 |
|--------------------------|-----------------|
| Property purchase price  | \$190,000       |
| Less down payment (35%)  | <u>(66,500)</u> |
| Amount to be financed    | \$123,500       |
| Interest Rate (fixed)    | 6%              |
| Term and amortization    | 5 years         |
| Loan Fee (1.5%)          | \$1,852.50      |
| Document preparation Fee | \$250.00        |
| Prepayment penalty       | none            |
| Monthly Payment          | \$2,387.60      |
| Total Annual Payments    | \$28,651.20     |

|                                | 2015                 |           |                   | 2016                 |                    | 2017               |                    | Future Profroma Results |           |                   |
|--------------------------------|----------------------|-----------|-------------------|----------------------|--------------------|--------------------|--------------------|-------------------------|-----------|-------------------|
|                                | Actual               |           |                   | Actual               |                    | Projected          |                    | 2018                    | 2019      | 2020              |
| Dues Per Lot:                  |                      |           |                   |                      |                    |                    |                    |                         |           |                   |
| With Water                     | \$ 500.00            | \$        | 500.00            | \$ 500.00            | \$                 | 500.00             | \$                 | 500.00                  |           |                   |
| Without Water                  | \$ 460.00            | \$        | 460.00            | \$ 460.00            | \$                 | 460.00             | \$                 | 460.00                  |           |                   |
| Mosquito                       | \$ 50.00             | \$        | 60.00             | \$ 60.00             | \$                 | 60.00              | \$                 | 60.00                   |           |                   |
| <b>Total Income</b>            | <b>\$ 205,085.31</b> | <b>\$</b> | <b>209,312.02</b> | <b>\$ 205,968.84</b> | <b>\$</b>          | <b>205,000.00</b>  | <b>\$</b>          | <b>205,000.00</b>       | <b>\$</b> | <b>205,000.00</b> |
| <b>On-Going Expenses:</b>      |                      |           |                   |                      |                    |                    |                    |                         |           |                   |
| Admin/Office                   | \$ 17,607.77         | \$        | 16,534.28         | \$ 22,000.00         |                    |                    |                    |                         |           |                   |
| Professional Fees              | \$ 15,140.85         | \$        | 17,765.50         | \$ 17,500.00         |                    |                    |                    |                         |           |                   |
| Water System Administrator     | \$ 40,029.43         | \$        | 43,046.65         | \$ 47,500.00         |                    |                    |                    |                         |           |                   |
| Maintenance/Repairs/Operation  | \$ 17,864.95         | \$        | 25,929.50         | \$ 15,000.00         |                    |                    |                    |                         |           |                   |
| Mosquito Abatement             | \$ 5,562.87          | \$        | 23,097.18         | \$ 23,000.00         |                    |                    |                    |                         |           |                   |
| <b>Total On-Going Expenses</b> | <b>\$ 96,205.87</b>  | <b>\$</b> | <b>126,373.11</b> | <b>\$ 125,000.00</b> | <b>\$</b>          | <b>128,750.00</b>  | <b>\$</b>          | <b>132,612.50</b>       | <b>\$</b> | <b>136,590.88</b> |
| <b>Subtotal</b>                | <b>\$ 108,879.44</b> | <b>\$</b> | <b>82,938.91</b>  | <b>\$ 80,968.84</b>  | <b>\$</b>          | <b>76,250.00</b>   | <b>\$</b>          | <b>72,387.50</b>        | <b>\$</b> | <b>68,409.13</b>  |
| <b>Special Projects:</b>       |                      |           |                   |                      |                    |                    |                    |                         |           |                   |
| Water Meter Installation       | \$ 92,895.31         | \$        | 82,230.31         | \$ -                 |                    |                    |                    |                         |           |                   |
| Well development               | \$ 5,200.00          | \$        | 1,657.55          | \$ 21,160.00         | \$                 | 20,000.00          |                    |                         |           |                   |
| Replace lines under Loop Road  |                      |           |                   | \$ 25,417.92         |                    |                    |                    |                         |           |                   |
| Property Purchase              |                      |           |                   | \$ 66,500.00         | \$                 | 28,651.20          | \$                 | 28,651.20               | \$        | 28,651.20         |
| Survey/Appraisal/Other Costs   |                      |           |                   | \$ 15,000.00         |                    |                    |                    |                         |           |                   |
| <b>Net Cash Flow</b>           | <b>\$10,784.13</b>   | <b>\$</b> | <b>-\$948.95</b>  | <b>-\$47,109.08</b>  | <b>\$27,598.80</b> | <b>\$43,736.30</b> | <b>\$39,757.93</b> |                         |           |                   |
| <b>Total Cash Reserves</b>     | <b>\$ 127,324.35</b> | <b>\$</b> | <b>123,551.45</b> | <b>\$ 76,442.37</b>  |                    |                    |                    |                         |           |                   |